
State Renewable Energy News

A Compilation of Renewable Electric Activities in the States

Prepared for the NARUC Subcommittee on Renewable Energy

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State Activities

Arizona

Electric Restructuring On Hold

The ACC voted to temporarily stay the electric competition rules that took effect on January 1, 1999. According to *Reuters*, the delay was expected after the election in November of a new commissioner, Tony West—an outspoken critic of the deregulation plan that was supported by outgoing Commissioner Renz Jennings. The ACC plans to begin an “intensive” series of public hearings “to fine tune the competition rules” and “outline a process and time frame for the resumption of true electric competition” in the state.

Among the competition rules at risk is the establishment of a “solar portfolio standard,” under which competitive suppliers would have to provide 0.2% of their electricity supply from solar energy sources in 1999, with the requirement rising to 1% in 2003 (*SREN*, Fall 1998).

ACC Contact:

Perry Baker, (602) 542-0844

California

Price Guide to Competitive Offerings

The CPUC's Office of Ratepayer Advocates released an analysis of competitive electricity offerings in California's residential market, which provides comparative information on the service plans, rates, and estimated monthly bills of California electric service providers, including those offering green power.

The ESPs examined offer a total of 18 different electricity products with 15 of the 18 products differentiated by their environmental features. According to the ORA, 11 of the 15 products meet the certification criteria

established by the Green-e green power certification program. The price premiums charged for the Green-e certified services generally range from 1.1¢/kWh to 2.5¢/kWh for a customer using 500 kWh monthly, although the premium for one green power service is as high as 4.2¢/kWh. Five of the 11 Green-e-certified products include from 5% to 25% new renewables content.

ORA Contact:

David Morse, (415) 703-2109

Illinois

Renewables Funds Available

The state is taking applications for nearly \$4 million in rebates and grants available under the system benefits charge established in the state's electric restructuring law (*SREN*, Winter 1998). Funding from the Renewable Energy Resources Program is available to customers of investor-owned and publicly owned utilities that are assessed the surcharge. Eligible renewables include wind, solar thermal, photovoltaics, dedicated crops for biomass, hydropower without new dams or “significant expansion” of dams, and “other alternative sources of environmentally preferable energy.” The law explicitly excludes waste-to-energy, tires, and waste wood from the renewables definition. The program is being administered by the Illinois Department of Commerce and Community Affairs.

DCCA Contact Number: (217) 785-2800

Maine

PUC Issues Final Renewables Orders

The PUC issued final orders adopting rules on voluntary contributions for renewable energy research and development, and net energy billing, pursuant to the state's 1997 electricity restructuring law (*SREN*, Fall 1998). A final order on the renewable portfolio standard was provisionally adopted pending review and

authorization by the state legislature.

The portfolio standard requires each competitive electric provider to obtain not less than 30% of its retail sales from "eligible generation facilities," which by state statute include renewable resources and PURPA qualifying small power facilities, as well as cogeneration facilities that use fossil fuels. The net metering rule, which provides for annual account balancing, applies to residential and commercial customers with on-site renewable facilities rated at 100 kW or less. Utilities are to notify the Commission if net billing load reaches 0.5% of the total utility peak load.

PUC Contact:

Mitchell Tannenbaum, (207) 287-1391

Minnesota

PUC Orders 400 MW of Additional Wind

Noting that the increased use of wind energy "is in the public interest under least-cost planning and resource planning analysis," the PUC ordered Northern States Power to construct another 400 MW of wind energy as a "cost-effective alternative" to conventional generation.

In 1994, the Minnesota legislature required NSP to build or purchase power from 425 MW of wind generation capacity in exchange for authorizing the construction of a spent fuel storage facility at the utility's Prairie Island nuclear plant (**SREN**, Summer 1994). The law called for development of an additional 400 MW of wind development by the end of 2002 if it was determined to be in the public interest. In addition, Minnesota state law gives a preference to renewable energy generation and directs the PUC not to approve a nonrenewable energy facility "unless the utility has demonstrated that a renewable energy facility is not in the public interest" (**SREN**, Summer 1993).

In its decision, the PUC noted that any cost differential that might exist between wind energy and other resource alternatives is not large enough to overcome "the strong public policies favoring" wind development. The 400 MW of wind is only a portion of the 2,400 MW of new generation need identified in the NSP resource plan for the period 1998 through

2012.

PUC Contact:

Bret Eknes, (651) 296-8667

Montana

PSC Allocates System Benefits Charge

The PSC decided how Montana Power Company will allocate the \$8.6 million it will collect this year from the universal system benefits charge created by the state's 1997 electric utility restructuring law. The charge was established to ensure continued funding of energy conservation, renewables, and low-income energy assistance programs, with the funding level set at 2.4% of each utility's 1995 retail sales revenue (**SREN**, Summer 1997). Of the funds to be collected in 1999, 13 percent, or about \$1.1 million, is to be allocated to renewable resource projects. The majority of the funds (about 70%) are being used for a conservation rebate account for large customers, MPC's own conservation investments, and low-income assistance.

PSC Contact:

Dave Fisher, (406-444-6168)

Nevada

PUC Seeks Delay for Competition

Concerned about how long rulemakings and other necessary steps to open the state's electricity market to competition are taking, the PUC is recommending that the start date for electric competition be delayed from December 31, 1999. In its 1997 legislation, the legislature left the resolution of many restructuring issues to the PUC (**SREN**, Summer 1997). Among the unresolved items identified by the PUC are the determination of stranded costs and the unbundling and costing of regulated services. Also unresolved is the development of a renewable portfolio standard. The law calls for the RPS to start at 0.2% in 2002 and rise to 1% by 2010; 50% of the portfolio requirement must be derived from solar systems.

PUC Contact:

Kathy Kollar, (775) 687-6080

New Jersey

Electric Restructuring Law Passed

Governor Christine Whitman signed into law a bill to restructure the electric and gas utility industries under which all customers of

regulated investor-owned utilities will be given retail choice of electric power suppliers by August 1, 1999. Customers will receive a 5% rate cut upon the start of competition, which will increase to 10% within 3 years. After the fourth year, utilities will be allowed to charge market rates. The law calls for the BPU to establish a "shopping credit" for retail customers who choose to purchase electric generation service from an alternative supplier.

The restructuring law contains several provisions to support greater use of renewable energy, including the a renewable portfolio standard that will require suppliers to provide 2.5% of kWh sold from qualifying renewable energy sources. Beginning in 2001, 0.5% of electricity supplied must come from Class I renewable energy sources, which include solar, wind, fuel cells, geothermal, landfill gas, and sustainably grown biomass. The Class I requirement increases to 1% in 2006 and rises further to 4% by 2012. Suppliers may satisfy the portfolio requirement by participating in a renewable energy trading program to be approved by the BPU.

The law also calls for information disclosure of generation fuel mix and emissions, collection of a "societal benefits charge" that will, in part, support the installation of Class I renewable energy projects, and net metering standards for residential and small commercial customers installing wind and solar systems. Total net metering capacity is limited to 0.1% of the state's peak electricity demand or a maximum annual financial impact to electric suppliers of \$2,000,000.

BPU Contact:

Robert Chilton, (201) 648-3621

Oregon

PUC Adopts Competition and Choice Mix

Noting their intent to "preserve most of the benefits of the present system and yet move significantly toward retail choice and the benefits it can bring," the PUC announced that it would allow all industrial and large commercial customers of Portland General Electric to have direct access to alternative suppliers but would rely on utility-provided options for the company's residential customers. PGE had proposed that all

customers move to direct access.

The PUC embraced the portfolio approach for residential customers while insisting that a cost-of-service option allow customers to continue to be served with regulated rates if they wished to do so. In deciding not to authorize mandatory direct access for residential customers as proposed in the PGE plan, the Commission expressed concern that, absent a viable residential energy market, these customers would be at risk with few supply choices, potentially higher rates, and a less stable marketplace.

Among other things, the PUC plan offers an expanded portfolio of options for residential and small commercial customers, which allows them to choose between several electric service options, including a market rate, an environmentally benign rate, and others that may be developed. The plan also includes a system benefits charge to protect important public programs, including the development of renewable sources, energy efficiency, and low-income weatherization. The SBC is set at 3% of annual utility retail revenues, with 0.57% earmarked for renewables. Finally, the order directs the PUC staff to undertake a rulemaking on information disclosure.

The PUC decision, in part, reflects experience with retail access experiments conducted by PGE and Pacific Power in which residential customers had few, if any, competitive market choices. Implementation of the PUC plan requires legislative approval.

PUC Contact:

Ron Karten, (503) 378-8962

Pennsylvania

Nearly 10% of PA Customers Switch

According to a survey performed for the PUC, an estimated 9.5% (or 475,000) of electricity customers eligible to switch under Pennsylvania's electricity choice program chose to buy their electricity from a different supplier at the outset of competition on January 1, 1999. Another 19% of customers are still undecided about switching, while 71% stated that they are staying with their local electric company. The switch numbers are far larger than in California, where only 1% of the

state's 10 million electricity customers have chosen to switch suppliers after the first 9 months of competition.

Three companies, Green Mountain Energy Resources, Conectiv Energy, and the Energy Cooperative Association of Pennsylvania, are offering green power options in the Pennsylvania market. Early estimates are that approximately one-fourth of switching customers have chosen a green power provider, representing a market share of 2% of the total state electricity customer base.

PUC Contact:

Kevin Cadden, (717) 787-9504

Other Activities

REA Releases Restructuring Principles

Stating that supportive market structures and basic consumer protection measures are fundamental to realizing the benefits of retail electricity choice, the Renewable Energy Alliance released a set of principles for electric industry restructuring, which lists "the policies necessary for a state, or the nation, to have a vibrant, competitive retail market for renewable power." The REA is a national trade association of companies directly engaged in the production or sale of renewable energy in competitive markets.

Based on "the real world experience of REA members in the deregulated markets of California, New England and Pennsylvania," the group calls for states to establish meaningful price competition; open competition to all customer classes simultaneously; avoid regulatory barriers to customer choice; standardize electronic data exchange transactions and protocols; encourage competition in metering, billing and information services; and design renewable resource policies to be market-friendly.

The REA also supports consumer education programs and "disclosure of accurate fuel source information for individual products" (*SREN*, Fall 1998).

REA Contact:

Rick Counihan, (510) 834-1999

UCS Analyzes Cost of Portfolio Standards

The Union of Concerned Scientists issued a report analyzing the impacts of federally mandated renewable portfolio standards that have been proposed in Congressional legislation. UCS examined several RPS proposals contained in bills introduced in the 105th Congress, ranging from a 4% renewables share of total electricity generated in 2010 to 20% in 2020. UCS found that even under the most aggressive of these proposals, the average customer would see a reduction in their electricity bill from 1998 levels.

According to UCS, a 20% renewable portfolio standard by 2020 would reduce an average customer's monthly savings by \$1.33 per month, while a more moderate RPS proposal of 5.5% by 2010 proposed by the Clinton Administration would cost only 36 cents per month. Based on this analysis, UCS concludes that a RPS would expand renewable energy development throughout the nation, providing considerable environmental benefits with only a modest impact on electricity prices.

UCS Contact:

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This newsletter is prepared for the NARUC Subcommittee on Renewable Energy to promote information sharing on state-level renewable electric activities. It is sponsored by the Office of Utility Technologies of the U.S. Department of Energy.

Comments can be directed to Blair Swezey at (303) 384-7455 or Blair_Swezey@nrel.gov. The newsletter is also available via the Internet at: <http://www.nrel.gov/analysis/emma/projects/sren/>

The Subcommittee Chairman is the Hon. Roger Hamilton, Commissioner, Oregon Public Utility Commission.

Focus on Information Disclosure

California

The California Energy Commission (CEC) unveiled a new electricity label created to explain to Californians how their electricity is produced. By law, all competitive energy service providers (ESPs) must include the "power content label" in advertisements sent by mail to consumers as well as in quarterly updates. The label includes information on the energy resources used to generate electricity for the particular product, enabling consumers to compare the power "content" of the product with that of others as well as to the generic California power mix.

CEC Contact:

Cheri Davis, (916) 657-4394

Colorado

With the goal "to provide for greater understanding of the current provision of electricity and to begin the process of customer education that will aid any future transition to customer choice," the PUC adopted rules requiring the state's regulated, investor-owned utilities to disclose information on generation fuel source mix. The rules are also designed to give consumers information on the various components of their electric bill, such as generation, transmission, and distribution. The data will be supplied twice a year in the form of a bill insert or a separate mailing, beginning in October 1999.

PUC Contact:

Bob Bergman, (303) 894-2000 x374

Illinois

The ICC adopted a final rule requiring all electricity providers to disclose their resource mix and relevant environmental data in billing inserts on a quarterly basis. Beginning January 1, 1999, utilities must provide customers with a table summarizing emissions of carbon dioxide, nitrogen oxide, and sulfur dioxide and the amount of high-level and low-level nuclear wastes generated by their resource mix.

ICC Contact:

John Stutsman, (217) 524-0690

Maine

Pursuant to the state's 1997 electricity restructuring law (**SREN**, Summer 1997), the PUC initiated a rulemaking to establish uniform customer information disclosure requirements applicable to competitive electricity providers. The purpose of the rule is to promote the ability of customers to choose among providers based on accurate and consistent information. The proposed rule requires competitive providers to provide customers with a disclosure label containing information on price, resource mix, and emissions in a uniform format, and generally follows the uniform model disclosure rule developed by the New England Conference of Public Utility Commissioners. The rule will be adopted "provisionally" and will require final adoption by the state legislature.

PUC Contact:

Mitchell Tannenbaum, (207) 287-1391

New York

Stating that environmental disclosure not only will empower consumers and facilitate customer choice, but also will encourage clean power generators to compete in New York's energy market, the PSC adopted the use of an environmental disclosure label that will provide consumers with information on the fuel mix and emission characteristics of the generation sources used by their electricity suppliers. An electricity tracking mechanism based on hourly financial settlements data, but with a quarterly settlement period, was adopted for reporting transactions. The ruling largely adopts the recommendations contained in a staff white paper that was developed in collaboration with electricity stakeholder groups.

PSC Contact Number: (518) 474-7080



More Information Via the Web:

ORA Guide to Residential Electric Service Options:

<http://162.15.5.2/SB477/MatrixIntroWeb.htm>

Green-e Renewable Electricity Program:

<http://www.green-e.org>

Illinois DCCA Bureau of Energy and Recycling:

<http://www.commerce.state.il.us/Services/EnergyRecycling/recyclin.htm>

Maine Renewable Resource Portfolio Requirement Order (Docket No. 98-619):

Maine Voluntary Renewable Resource Research and Development Fund Order (Docket No. 98-620):

Maine Customer Net Energy Billing Order (Docket No. 98-621):

<http://www.state.me.us/mpuc/pucrules.htm>

Information on Montana SBC allocation decision:

<http://www.psc.mt.gov/press/99-2-4mpcusbc.htm>

Information on Nevada PSC Competition Delay Recommendation:

<http://www.state.nv.us/puc/news/366delay.htm>

New Jersey Electric Restructuring Bill (Bill #A16):

<http://www.njleg.state.nj.us/html98/bill9899.htm>

Oregon PUC Order on PGE Customer Choice Plan:

<http://www.puc.state.or.us/orders/99orders/99-033.htm>

Pennsylvania Electric Choice Statewide Survey Results:

<http://www.electrichoice.com/staterep.html>

Renewable Energy Alliance Electric Industry Restructuring Principles:

<http://www.realliance.org>

Union of Concerned Scientists report, *A Powerful Opportunity: Making Renewable Electricity the Standard*:

<http://www.ucsusa.org/energy/index.html?power.opp.html>

Information on the California Power Content Label:

http://www.energy.ca.gov/consumer/power_content_label.html

http://www.energy.ca.gov/regulations/retail_disclosure.html

Colorado Disclosure Rule (see Docket No. 98R-536E):

<http://www.sni.net/~pucsmith/new.htm#dated>

Final Illinois Disclosure Rule at:

<http://icc.state.il.us/icc/Dereg/EnvDis/>

Maine Notice of Rulemaking on Information Disclosure (Docket No. 98-708):

<http://www.state.me.us/mpuc/pucrules.htm>

New York Disclosure Order:

<http://www.dps.state.ny.us/fileroom/doc5145.htm>